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JUL 8 11 22 AM '76

CERTIFICATION UNIT

Personal Banking Services

6-190A015

NO.

Date JUL 8 1976

Fee \$ 150.-

Mrs. Lee
Room 1227

Interstate Commerce Commission
Washington, D.C.

ICC Washington, D. C.

RECORDATION NO.

JUL 9 1976-11 30 AM

INTERSTATE COMMERCE COMMISSION

Dear Mrs. Lee:

Enclosed you will find three certified copies of a Collateral Assignment, Security Agreement and Management Agreement for Glenn A. Welsch. Also enclosed is the \$150.00 filing fee.

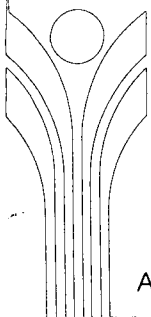
If you need any further information please let me know.

Very truly yours,

Roy E. Rushing
Roy E. Rushing
Vice President

RER/sj

Enclosures



JUL 9 1976 11 20 AM

INTERSTATE COMMERCE COMMISSION
EXHIBIT

LEGEND - RESTRICTION ON TRANSFER

The securities represented by this Management Agreement were issued in a transaction which was not covered by a Registration Statement under the Securities Act of 1933 or the securities law of any state. No transfer shall be permitted of these securities in the absence of (i) an opinion of counsel for, or counsel satisfactory to, the issuer of the securities that such transfer will not result in a violation of the registration requirements of the Securities Act of 1933 or any applicable state laws or (ii) an effective Registration Statement under the Securities Act of 1933 or any applicable state laws covering the securities proposed to be transferred.

MANAGEMENT AGREEMENT

THIS AGREEMENT, effective as of the 1 day of March, 1976, or as of the date on which any approvals required under the Section 5.1(c) of the Securities Act of Texas shall have been obtained, whichever is later, by and between Richmond Leasing Company, a Delaware corporation ("RLC"), having its principal place of business in Houston, Texas, and Glenn A. Welsch ("Owner"), a resident of Austin, Travis County, Texas:

W I T N E S S E T H:

WHEREAS, Owner is the owner of 6 railroad tank cars purchased under Richmond Tank Car Company purchase order dated March 1, 1976 (the "Railway Equipment") and is desirous of entering into the following Agreement with RLC, whereby RLC will manage the Railway Equipment pursuant to the terms and conditions hereof; and

WHEREAS, RLC is desirous of undertaking the management of the Railway Equipment pursuant to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties hereto agree as follows:

ARTICLE I
APPOINTMENT

1. Owner hereby appoints RLC to manage and otherwise supervise the operation of the Railway Equipment in the name, for the account and on behalf of the Owner pursuant and subject to the terms and conditions set forth in this Agreement.

2. RLC hereby accepts the appointment set forth in Paragraph 1 of this Article and agrees to utilize reasonable time and effort to perform the duties and obligations set forth in Article III below. Owner acknowledges and agrees that, whereas RLC has accepted the responsibility of managing the Railway Equipment, except as specifically set forth herein to the contrary or as provided by law, RLC shall have the sole function and operative judgment for the leasing, operation and management of the Railway Equipment and for establishing and implementing policies and standards of leasing, operation, service, maintenance, repair, reporting and other such policies and standards affecting the Railway Equipment or the operation, maintenance or repair thereof. In addition, RLC shall be entitled to rely upon written or oral instructions received from Owner as to any and all acts to be performed by RLC.

ARTICLE II OWNER'S COVENANTS AND RESPONSIBILITIES

1. Owner does hereby deliver and release to RLC the Railway Equipment for the management thereof by RLC, and RLC acknowledges delivery and receipt thereof.

2. Owner agrees that Owner is responsible for all expenses incurred in connection with the Railway Equipment, including ad valorem and other taxes, freight, storage, design changes and other modifications required by governmental regulations, deductibles under insurance policies (See Article III, Paragraph 9) and other reasonable expenses, levies or charges, including the Management Fee (as defined in Article V hereof), incurred in connection with the Railway Equipment and the operation and leasing thereof (all of which shall hereinafter be sometimes collectively referred to as the "Expenses"). The Expenses shall not include, however, minor and major repair work (including running repairs, cleaning, painting and periodic inspection costs) which shall be at the expense of RLC.

3. Should the rental income from the operation of the Railway Equipment be insufficient to cover the Expenses incurred or reasonably foreseeable in connection with the Railway Equipment or the operation or leasing thereof, Owner will remit to RLC within ten days of receipt of the Quarterly Statement provided under Article III, Paragraph 8 hereof the amount necessary to cover any such Expenses.

4. Owner agrees to cooperate fully with RLC and to provide all assistance reasonably requested by RLC to enable RLC to carry out its obligations hereunder. This shall include full cooperation and assistance in any lawsuit or other similar matter or proceeding before any court or agency.

ARTICLE III RLC'S COVENANTS AND RESPONSIBILITIES

RLC agrees to utilize reasonable time and efforts to:

1. Collect the rental and service charges earned by the Railway Equipment (the "Lease Fees"). Such duties shall not, however, be deemed to include the filing of a suit to collect such Lease Fees, although RLC may elect to do so at its option but at the expense of Owner.

2. Obtain leases (on a best efforts basis) for the Railway Equipment for terms not to exceed 71 months and maintain the Railway Equipment under lease throughout the term of this Agreement. RLC agrees not to enter into any lease agreement with respect to the Railway Equipment with a term in excess of one year without the Owner's prior written approval.

3. Comply with the terms and conditions of any lease agreements to which the Railway Equipment is subject during the term hereof. It is understood, however, that before RLC shall be obligated to comply with any lease not negotiated by RLC or any amended terms and conditions of any such lease, such lease and/or amendments must be approved, in writing, by RLC.

4. Make all original registration and other filings with the Interstate Commerce Commission, the Association of American Railroads, the Department of Transportation and any other governmental or industry authority.

5. File applicable ad valorem and other tax returns and pay, from the Lease Fees or from funds advanced by Owner, all such taxes due. Since Owner's ad valorem and other tax expense will be commingled with the ad valorem and other tax expense incurred by other tank cars owned or managed by RLC, Owner agrees to pay ad valorem, gross receipts, property or similar taxes in an amount equal to that percentage of such taxes that the Lease Fees bear to RLC's gross lease fees, including Owner's Lease Fees. RLC may, however, retain during each calendar year of the term of this Agreement, an amount equal to three percent of the Lease Fees received during that calendar year to cover such taxes, but will, within 90 days following the end of each calendar year, remit to Owner any amounts not required for such taxes.

6. Maintain adequate books and records sufficient to properly account for the Lease Fees, Expenses and other such items applicable to the Railway Equipment.

7. Contract for or otherwise obtain all repair and/or maintenance work on the Railway Equipment considered necessary by RLC, such repair and/or maintenance work to be for the account of RLC.

8. Provide periodic reports to Owner on a quarterly basis (the "Quarterly Reports") which shall set forth the Lease Fees derived from the use of the Railway Equipment, as well as Expenses incurred or that will foreseeably be incurred in connection with the Railway Equipment. The reports shall be for the quarters ending March 31, June 30, September 30 and December 31, and will be delivered to Owner as promptly as is reasonably possible. Should the Lease Fees exceed the Expenses incurred in

connection with the Railway Equipment, payment of the excess (except for any amount retained under Paragraph 5 and this Paragraph 8 of Article III) shall accompany the Quarterly Report. Should Expenses (incurred or foreseeable) exceed the Lease Fees for the period(s) in question, the Quarterly Report will set forth the amount to be remitted by Owner to RLC. It is understood that RLC shall be under no obligation to advance funds for payment of the Expenses, regardless of the results of the nonpayment thereof. It is further understood that RLC shall have the authority to retain portions of Lease Fees that exceed actual Expenses incurred to cover future Expenses that can be reasonably foreseen to exceed anticipated Lease Fees for the applicable future period or periods. Such retention of Lease Fees shall be accomplished on a reasonable basis and in such a manner as to minimize the effect that such retention shall have on income, if any, received by Owner. No assessment for cash deficiencies shall be made to Owner, however, to the extent of unremitted mileage credits held by RLC.

9. Maintain the following insurance coverage on the Railway Equipment: a policy of comprehensive general liability insurance with limits of bodily injury liability of \$300,000 each occurrence and in the aggregate, and property damage liability of \$100,000 each occurrence and in the aggregate; and umbrella liability insurance policy with limits of liability of not less than \$20,000,000; and a policy of property insurance with limits of coverage of \$35,000 per car, \$1,000,000 each occurrence, with a \$50,000 deductible (to be paid by Owner) each occurrence, naming Owner as an additional insured. Any additional insurance desired by Owner shall be obtained by Owner at Owner's expense.

10. Reasonably pursue any and all warranties or other claims against manufacturers, users, lessees, railroads and other parties on behalf of Owner. Such duties shall not, however, be deemed to include the filing of suit, although RLC may elect to do so at its option, but at the expense of Owner.

ARTICLE IV TERM AND TERMINATION

1. The term of this Agreement shall be for a period of ten years, commencing with the effective date hereof, and shall automatically terminate at the expiration of such term.

2. Except as otherwise provided in this Agreement, termination of this Agreement may be accomplished by the Owner giving RLC written notice of his intent to terminate three months prior to the termination date; provided, however, if Owner shall owe RLC any amounts under this Agreement, the Owner may not terminate this Agreement as to any of the Railroad Equipment until all such amounts have been paid. RLC shall, at its option, be entitled to continue to lease and otherwise operate and manage the Railroad Equipment and retain any and all Lease Fees received therefrom until all amounts outstanding and/or subsequently incurred in connection with such continued leasing of the Railroad Equipment have been paid.

3. Should either party default under its obligations set forth herein, the other party may advise the defaulting party of such default, and should such default not be corrected within 30 days of such notification, the aggrieved party may, at its option, immediately terminate this Agreement.

4. Neither RLC nor the Owner shall, by reason of the expiration or the termination of this Agreement in accordance with the terms and provisions hereof, be liable to the other for compensation, reimbursement or damages, either on account of present or prospective profits or on account of expenditures, investments or commitments made in connection therewith or in connection with establishment, development or maintenance of the business or goodwill of RLC or the Owner, or on account of any other cause or thing whatsoever; provided, however, that such expiration or termination shall not affect the rights or liabilities of the parties with respect to any indebtedness owing by either party to the other; and further provided, that such expiration or termination shall be subject to any then existing lease or leases of the Railway Equipment, and RLC, at its option, shall be entitled to continue, pursuant to the terms and conditions of this Agreement, the management and control of any of the Railway Equipment covered by such lease or leases as may be necessary for RLC to comply with such lease or leases, including the right to retain the Lease Fees, Management Fee and other sums provided for herein, until the expiration or termination of such lease or leases. Except as may be otherwise expressly set forth herein, upon the expiration or termination of this Agreement, all obligations of the parties shall immediately cease. RLC shall, however, provide reasonable assistance to Owner in transferring to Owner, all at Owner's expense and upon Owner's request, all records, data and other information relating to the Railway Equipment and in assisting Owner in the implementation of such records, data and information into Owner's operations.

ARTICLE V MANAGEMENT FEE

In consideration of the services of RLC hereunder, Owner shall pay to RLC a management fee of 16% of the Lease Fees collected for each railway car included in the Railway Equipment (the "Management Fee"). The Management Fee shall be deducted from the remittance due quarterly to Owner as otherwise provided herein.

ARTICLE VI LEGAL ACTIONS

At its option, RLC may institute or defend, in its own name or in the name of Owner, or both, but not against each other, and in all events at the expense of the Owner, any and all legal actions or proceedings it considers necessary hereunder, including those to collect charges, rents, claims or other income for the Railway Equipment, or lawfully oust or dispossess lessees or other persons in possession thereof, or lawfully cancel,

modify or terminate any lease, license or concession agreement for the breach thereof or default by a lessee, licensee or concessionaire. Unless otherwise directed in writing by Owner, RLC may take, at Owner's expense, any and all necessary actions to protest or litigate to a final decision in any appropriate Court or other forum any violation, order, rule, regulation, suit, claim or other matter affecting the Railway Equipment. RLC shall keep Owner currently advised of all legal proceedings and Owner reserves the right to direct RLC to terminate any litigation brought pursuant to the foregoing authority.

ARTICLE VII ASSIGNMENT

This Agreement is not assignable except with the written consent of RLC, provided, however, this Agreement together with the Railway Equipment may be transferred to the estate, heir or devisee of any Owner or to any purchaser at a foreclosure sale where this Agreement and the related Railway Equipment are sold as collateral so long as such sale is registered under the Securities Act of 1933 and any applicable state laws or is exempt from registration thereunder.

ARTICLE VIII INDEMNIFICATION

Owner and RLC jointly and severally acknowledge, agree and covenant that RLC is entering into this contract as an independent contractor, and neither party hereto shall take any action to alter such legal relationship. Owner shall have no right or authority, and shall not attempt, to enter into contracts or commitments in the name, or on behalf, of RLC, or to bind RLC in any manner or respect whatsoever. Further, Owner agrees to indemnify and hold RLC harmless from any and all claims, demands, causes of action (at law or equity), costs, damages, reasonable attorney's fees, expenses and judgments, except those arising out of RLC's gross negligence or willful misconduct, which may hereinafter be made or caused by any third party based on or relating to the Railway Equipment or the operation, including the leasing, thereof. RLC agrees to indemnify and hold harmless Owner from and against any and all claims, demands, causes of action (at law or equity), costs, damages, reasonable attorney's fees, expenses and judgments which may hereafter be made or caused by any third party as against the Owner based on actions taken by RLC in connection with the Railway Equipment, which actions were not authorized hereunder or specifically requested or approved by Owner.

ARTICLE IX ADDITIONAL AGREEMENTS

1. Each party hereto shall promptly and duly execute and deliver to the other party such further documents, assurances, releases and other instruments, and take

such further actions, including any necessary filings and the execution of a power of attorney of Owner, as the other party may reasonably request, in order to more fully carry out the intent and purpose of this Agreement and to indicate the ownership of the Railway Equipment during the continuance and upon termination of this Agreement.

2. It is understood that upon the expiration or termination of this Agreement as to any or all of the Railway Equipment, Owner shall no longer be entitled to use the Recording and UMLER Car Initials and Numbers and other designations (the "Designations") that are presently the property of RLC. Accordingly, Owner agrees that it will promptly undertake upon such expiration or termination, at Owner's expense, all steps necessary to promptly change the Designations on the Railway Equipment no longer included under the Agreement and to execute any and all documents requested by RLC to transfer to RLC any rights Owner may have acquired to such Designations. RLC agrees to prepare, at RLC's expense, documentation as, in its opinion, is necessary to change all designations on the Railway Equipment from the Designations of RLC to those adopted by Owner, and to provide reasonable assistance to Owner, at Owner's expense, in the filing of such documents.

3. Any notice or other communication by either party to the other shall be in writing, and shall be deemed to have been duly given if either delivered personally or mailed, postage prepaid, registered or certified mail, addressed as follows:

RLC: Richmond Leasing Company
777 Southwest Post Oak Road
Houston, Texas 77056
Attention: President

Owner: Glenn A. Welsch
3405 Taylors Drive
Austin, Texas 78703

or to such other address, and to the attention of such other person or officer as either party may designate to the other in writing as provided by this Paragraph.

4. The Owner or his authorized representative shall be entitled to inspect the books and records of RLC applicable to the Railway Equipment at any reasonable time during the office hours of RLC.

5. Except as otherwise provided herein, this Agreement may not be modified or amended, except by express, written agreement signed by both parties hereto. Any waiver of any obligation of either party hereto shall not be construed as a continuing waiver of any such obligation under any provision hereof.

6. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the successors and assigns, if any, of the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto set their names, effective
this 1 day of March, 1976.

RICHMOND LEASING COMPANY
"RLC"

By Jimmy S. King
Vice President

"OWNER"
Glenn A. Nelsch

STATE OF TEXAS I

COUNTY OF TRAVIS I

I, the undersigned authority, a Notary Public in and for Travis County,
Texas, do hereby certify that I have compared the attached document
with the original thereof and that the copy is a true and correct copy
in all respects.

Date: July 6, 1976

Sheila Jolly
Notary Public in and for Travis
County, Texas